

**MINUTES  
MINNETONKA CITY COUNCIL  
LOCAL BOARD OF APPEAL AND EQUALIZATION MEETING  
MONDAY, MAY 2, 2011**

**1. CALL TO ORDER.**

Mayor Schneider called the meeting to order at 6:15 p.m.

**2. ROLL CALL:**

Councilmembers Dick Allendorf, Amber Greves, Brad Wiersum, James Hiller, Tony Wagner, and Terry Schneider were present. Bob Ellingson was present at 6:25 p.m.

**3. INTRODUCTORY REPORT.**

City Assessor Rebecca Malmquist gave the report.

**4. APPEALS TO THE BOARD OF REVIEW:**

A. Petitions received on or before April 1, 2011:

<u>PETITIONER</u>	<u>ASSESSOR'S 2010 VALUE</u>	<u>ASSESSOR'S 2011 VALUE</u>	<u>ADVISORS' RECOMMENDATION</u>
1) Thomas Lang Jean Lang 4408 Briarwood Dr Minnetonka, MN 55343 PID: 23-117-22-33-0008	\$425,500	\$409,000	\$459,000

Thomas Lang provided information about five comparable homes and their recently sold values and said those comparables were much better than the comparables the city staff used. He said the housing market continues to decline. He indicated the assessed values of homes in the city was consistently high and said the city was not doing a good job assessing the values of homes.

Schneider said historically the council did not get into the details of the comparables but rather that was the role of the assessors and advisors. The council's responsibility was to consider any extenuating circumstances. Wagner noted short sales and foreclosure information also were not taken into the analysis of the comparables.

Wiersum asked Lang if he had visited any of the comparables he provided to comment on the condition of the homes relative to his home. Lang indicated he had not but relied on the realtors' descriptions. He noted the assessor had erroneously listed his home as being over 4,000 square feet. A recent appraisal showed his square footage at 3,700 square feet. Schneider asked if that had been pointed out to the advisors. Lang indicated it had not been.

Jean Lang said in looking at the comparables the city used she and her husband noticed the difference in square footage, the number of bathrooms was different, and the amount of land was different. She said the major things used in assessing a home's value were being overlooked because the Lang's had a nice bathroom and bathtub. She said the family shouldn't be penalized because they had a well kept home with three fire places.

John Powers, one of the advisors said that when a realtor assesses the value of a property it is done without any bias but rather with the intent of getting the house sold. Location is a strong factor as is the first impression when someone first approaches the home. He said the three advisors spent a fair amount of time inside the home and talking with the owners. There was a unanimous agreement about the value of the home being in the \$400,000 range. The question was where between \$400,000 and \$500,000 the house value belonged. The general feel and condition of the home was considered and it was determined the home was in extremely good condition both inside and outside. Another important consideration was that the floor plan was completely useable. He said the advisors used their combined knowledge base to try to arrive at a fair understanding of the value of the home. There was complete agreement about the \$459,000 recommendation.

Schneider asked how much of the advisors' analysis was based on the advisors general experience with the market versus coming up with specific comparables. Powers said both market experience and comparables information was considered.

Wagner asked what level of impact the square footage information had on the advisors' evaluation. Powers said if there was a feeling of constriction while walking through the house that would be considered in the evaluation.

Schneider asked why the city's comparables for three of the homes differed in square footage. Malmquist indicated staff first uses computer aided mass appraisal information to originally determine the valuation. When a petitioner questions that value, the assessor will look at the comparables similar to what is done when a fee appraisal is done for financing purposes. She indicated the comparables provided to the council were the comparables the advisors provided the previous week to staff to provide to the Langs.

Thomas Lang asked if the advisors would put his home on the market at \$459,000. He asked how many homes had been sold over the last year at the first price listed. Schneider said the advisors' goal and responsibility was determining the fair market value that the home could be sold for in a straightforward transaction.

Jean Lang said two other real estate professionals visited the house last week and indicated there was no way the Langs could get \$459,000 for the house in the current market.

Allendorf said if the Langs were to bring that documented information provided by the other realtors to the county, it likely would be given consideration. He said he would take the advisors' recommendation but the Langs could bring further data to the county.

<u>PETITIONER</u>	<u>ASSESSOR'S 2010 VALUE</u>	<u>ASSESSOR'S 2011 VALUE</u>	<u>ADVISORS' RECOMMENDATION</u>
2) William Fischer 4112 Thomas Ave Minnetonka, MN 55345 PID: 21-117-22-13-0043	\$243,100	\$241,900	N/A (Appeal directly to Hennepin County per owner 04/15/2011)
3) Charles Wright 9610 Sandra La Minnetonka, MN 55305 PID: 13-117-22-41-0023	\$269,300	\$252,000	\$247,000
4) Steven Rabens Jean Rabens 12918 June Ter Minnetonka, MN 55305 PID: 10-117-22-44-0030	\$600,000	\$598,600	\$630,000

Jean Raben said there had been an issue with the valuation of the property ever since the house was built. The Rabens have lived in the neighborhood around 27 years and have lived in three different houses within a four block area. The neighborhood is an older neighborhood with houses in the \$300,000 range. She said there was an opportunity in 2000 to purchase an undeveloped lot. The lot was a fill in lot with a steep side grade and had never been built upon. The lot was purchased for around \$119,000 during a time when many lots in the city were selling in the \$200,000 to \$300,000 range. She said the family waited several years before building the house and has struggled valuation ever since the house was built.

She said the family went through the appeals process last year and ended up going to Hennepin County for appeal. The county sent a person to look at the house. At that time the valuation came in at \$600,000. The county staff person indicated if he was valuing the home as of April, the house would have been valued lower than \$600,000 because of the continuing decline in the house market. She said the family was surprised at the 2011 valuation given what had been in the media and information provided by the city about declining values across the city. She said she was even more puzzled by the \$630,000 recommendation given the county's determination last year. Looking at the trend lines, she said a valuation around \$552,000 was more in line with similar homes in the neighborhood.

Steven Rabens provided a graph showing comparable value information. He said the graph showed the Raben's suggested valuation of \$552,000 was in line with similar homes in the city.

Wiersum said the graph was helpful but suggested that the same source of information should have been used rather than mixing city and county data.

Powers said the location of the home was factored into the advisors' recommendation. He noted that even with a difficult market not all home values decrease at the same rate. Certain price ranged homes are selling much more quickly than others.

Allendorf said he was somewhat persuaded by the graph Rabens provided.

Wagner asked if the lower level of the Rabens' home was finished. Powers indicated it was. Wagner said that he had been in one of the homes the Rabens were using as a comparable house and the comparable house had an unfinished lower level. Wiersum said he was also familiar with the comparable house. The house is located on Oakland Road which is a through street. He asked Powers if there were two equal houses but one was located where Rabens' home is located and the other was on Oakland Road, which one would have a greater value. Powers indicated the Rabens home location would have a greater value by a meaningful amount.

Schneider noted the Rabens' home was considerably larger than any other home in the immediate area. He asked what the impact might be if the Rabens tried selling a home that was valued much higher than any of the surrounding homes. Powers said there's always someone living in the most expensive home in any neighborhood. He said the size and price of a home compared to neighboring homes by themselves wouldn't mean there is a depressing effect on a home value. Other conditions have to be factored in.

Schneider said the graph showing the more expensive home in a lower value area had a little bit of a mitigating factor in his mind. Powers said his experience has shown it was more difficult for the least expensive home to sell in an expensive neighborhood than the most expensive home in a less expensive neighborhood. Schneider said he was more inclined to agree with the assessor's value on this property than the advisors' recommendation.

Wiersum said if the city data had been used rather than the county data, the graph would look a lot different. He said he was inclined to stick with the advisors' recommendation but the Rabens always had the option of bringing it to the county.

Allendorf noted the county held cities to a 95 percent standard between the assessed value versus what the house sells for. Malmquist confirmed when the final statistics are compiled for the assessment report the overall sales ratio has to be at 95 percent or whatever rate the county sets for the year. The city is held to a 90 percent to 105 percent by IAAO international standards. She said there would be outliers but that was why the coefficient of dispersion measurement is also looked at. Allendorf said in both cases where the advisors' recommendation was higher than the assessor's determination there were compelling and extenuating circumstances. He said he could agree if the council decided to go with the assessor's value in both cases.

<u>PETITIONER</u>	<u>ASSESSOR'S 2010 VALUE</u>	<u>ASSESSOR'S 2011 VALUE</u>	<u>ADVISORS' RECOMMENDATION</u>
5) Brad Anderson Pamela Anderson 3600 Prestige La Minnetonka, MN 55305 PID: 14-117-22-43-0063	\$486,400	\$473,300	\$473,300

6)	Alexander Teplitski Alexandra Teplitski 2916 Plymouth Rd Minnetonka, MN 55305 PID: 15-117-22-11-0021	\$236,600	\$236,700	\$190,000
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The following petitions were received after April 1, 2011, or the petitioners wish to go directly to the Hennepin County Board of Appeal and Equalization. Simple acceptance of the appeal by the local board preserves their right to go to the Hennepin County Board of Appeal and Equalization.

<u>PETITIONER</u>	<u>ASSESSOR'S 2010 VALUE</u>	<u>ASSESSOR'S 2011 VALUE</u>	<u>ADVISORS' RECOMMENDATION</u>
7) Russell Berman Loretta Berman 11200 Overlook Dr Minnetonka, MN 55305 PID: 11-117-22-14-0050	\$680,200	\$662,200	N/A
8) Russell Berman Loretta Berman 2079 Austrian Pine La Minnetonka, MN 55305 PID: 11-117-22-21-0058	\$300,000	\$300,000	N/A
9) Frank Kiperstin (deceased) Rosalie Kiperstin (deceased) 12700 Sherwood Pl #309 Minnetonka, MN 55305 PID: 11-117-22-22-0203	\$425,800	\$306,700	N/A
10) Steve Finnie Sarita Finnie 14510 Minnehaha Pl Wayzata, MN 55391 PID: 16-117-22-11-0047	\$570,000	\$570,000	CANCELLED
<u>PETITIONER</u>	<u>ASSESSOR'S 2010 VALUE</u>	<u>ASSESSOR'S 2011 VALUE</u>	<u>ADVISORS' RECOMMENDATION</u>
11) John Retica Louann Retica 14870 Highland La Minnetonka, MN 55345 PID: 28-117-22-12-0015	\$451,400	\$439,900	N/A

12)	Lyle Scott Joyce Scott 2508 Bantas Point La Wayzata, MN 55391 PID: 08-117-22-13-0004	\$260,900	\$260,900	N/A
13)	Minnstar Builders 6136 Clarion Pass Minnetonka, MN 55305 PID: 35-117-22-44-0014	\$250,000	\$250,000	N/A
14)	Minnstar Builders 6077 Clarion Pass Minnetonka, MN 55305 PID: 35-117-22-44-0017	\$250,000	\$250,000	N/A
15)	Minnstar Builders 6049 Clarion Pass Minnetonka, MN 55305 PID: 35-117-22-44-0018	\$250,000	\$250,000	N/A
16)	Calm Bay, LLC 16500 Grays Bay Blvd Wayzata, MN 55391 PID: 08-117-22-42-0010	\$2,750,000	\$2,750,000	N/A

Wagner acknowledged the existing process involving advisors but said the two petitioners had made valid arguments. Still, he said he was somewhat troubled not having firsthand knowledge of the properties and the comparables. He noted the petitioners had the opinion that the assessor's valuation was too high and that made him lean to reinforce the process of using the outside experts' recommendation while allowing the petitioners to appeal to the county.

Wiersum said he agreed with Wagner. He said real estate values were highly subjective especially in the current volatile market. He agreed that not having firsthand knowledge put the council in a position where it would be better to honor the process and go with what the experts said. He encouraged the two petitioners to continue on to Hennepin County if they disagreed with the council's decision.

Wiersum moved, Greves seconded a motion to adopt the Board of Advisors recommendations of value for the reviewed properties.

Ellingson asked if the petitioners had the option of accepting the assessor's value once they had already appealed it. Malmquist said that had not been the city's process. Gunyou said when the process is explained to petitioners staff notifies the petitioner the advisors' recommendation could be higher or lower than the assessor's value. Ellingson said Wiersum made a good observation about using the same source of data for comparison. He said he didn't feel qualified to have an opinion about the appropriate value because he did not have firsthand knowledge but the process put the homeowners at a disadvantage. He asked what a homeowner could demonstrate to have the council agree with the appeal.

Schneider said it was up to the homeowners to convince the advisors about the appropriate value of the house because the advisors were the ones looking at the property.

Ellingson and Allendorf voted “no.” Greves, Wiersum, Hiller, Wagner, and Schneider voted “yes.” Motion carried.

Wagner asked staff to clarify the process to continue the appeal to the county. Malmquist said staff would contact everyone who appealed their value to give them step by step instructions. She said if the petitioners are not satisfied with the county’s decision they have the option of going to tax court.

**5. ADJOURN**

Wiersum moved, Greves seconded a motion to continue the meeting to adjourn the meeting at 7:17 p.m. All voted “yes.” Motion carried.

Respectfully submitted,

David E. Maeda  
City Clerk